



UEX CORPORATION

CONDENSED INTERIM FINANCIAL STATEMENTS

MARCH 31, 2013

(Unaudited – Prepared by Management)



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NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these condensed interim financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

UEX CORPORATION

Balance Sheets

(Unaudited – Prepared by Management)

	Notes	March 31 2013	December 31 2012
Assets			
Current assets			
Cash and cash equivalents	3	\$ 11,664,586	\$ 12,580,134
Amounts receivable	4	74,196	171,425
Prepaid expenses	5	80,935	101,357
		11,819,717	12,852,916
Non-current assets			
Equipment	6	164,583	171,566
Mineral properties	7	159,904,014	159,436,189
Investments	8, 14	31,624	-
Total assets		\$ 171,919,938	\$ 172,460,671
Liabilities and Shareholders' Equity			
Current liabilities			
Accounts payable and other liabilities	9	\$ 320,152	\$ 510,899
Non-current liabilities			
Deferred tax liability	10	12,851,393	12,966,524
Total liabilities		13,171,545	13,477,423
Shareholders' equity			
Share capital	11	172,345,291	172,345,291
Share-based payments reserve		5,292,773	5,088,191
Accumulated other comprehensive loss		(2,595)	-
Deficit		(18,887,076)	(18,450,234)
		158,748,393	158,983,248
Total liabilities and shareholders' equity		\$ 171,919,938	\$ 172,460,671
Nature and continuance of operations	1		
Commitments	7(iv), 11(d), 12		

See accompanying notes to the unaudited condensed interim financial statements.

Approved on behalf of the Board and authorized for issue on May 2, 2013.

“signed”

Graham C. Thody

Director

“signed”

Emmet A. McGrath

Director

UEX CORPORATION

Statements of Operations and Comprehensive Loss
(Unaudited – Prepared by Management)

Three-month periods ended March 31

	Notes	2013	2012
Revenue			
Interest income		\$ 62,221	\$ 13,104
		62,221	13,104
Expenses			
Bank charges and interest		1,041	1,005
Depreciation		3,066	2,639
Filing fees and stock exchange		47,876	46,252
Legal and audit		50,401	45,988
Office expenses	16	63,335	51,901
Rent		33,354	32,168
Salaries		213,333	173,037
Share-based compensation	11 (c)	157,494	218,650
Travel and promotion		42,582	52,095
Unrealized loss on held-for-trading financial assets	7(v), 8, 14	1,307	-
		613,789	623,735
Loss before income taxes		(551,568)	(610,631)
Deferred income tax recovery	10	114,726	105,007
Loss for the period		(436,842)	(505,624)
Other comprehensive income (loss)			
Available-for-sale financial assets			
Net change in fair value	7(v), 8, 14	(3,000)	-
Deferred income tax recovery on change in fair value of available-for-sale financial assets	10	405	-
		(2,595)	-
Comprehensive loss for the period		\$ (439,437)	\$ (505,624)
Basic and diluted loss per share		\$ (0.002)	\$ (0.002)
Basic and diluted weighted-average number of shares outstanding		221,488,679	206,867,513

See accompanying notes to the unaudited condensed interim financial statements.

UEX CORPORATION

Statements of Changes in Equity

(Unaudited – Prepared by Management)

	Number of common shares	Share capital	Share-based payments reserve	Accumulated other comprehensive income	Deficit	Total
Balance, December 31, 2011	203,067,652	\$ 157,826,395	\$ 8,008,322	\$ -	\$ (18,805,478)	\$ 147,029,239
Loss for the period					(505,624)	(505,624)
Issued pursuant to private placements	18,421,027	15,166,176				15,166,176
Share issuance costs		(745,586)				(745,586)
Value attributed to flow-through premium on issuance		(97,826)				(97,826)
Deferred income taxes on share issuance costs		201,308				201,308
Share-based payment transactions			306,922			306,922
Balance, March 31, 2012	221,488,679	172,350,467	8,315,244	-	(19,311,102)	161,354,609
Loss for the period					(3,405,627)	(3,405,627)
Additional share issuance costs, relating to March 2012 placements		(7,091)				(7,091)
Deferred income taxes on additional share issuance costs		1,915				1,915
Share-based payment transactions			1,039,442			1,039,442
Transfer to deficit on expiry and cancellation of share purchase options			(4,266,495)		4,266,495	
Balance, December 31, 2012	221,488,679	172,345,291	5,088,191	-	(18,450,234)	158,983,248
Loss for the period					(436,842)	(436,842)
Other comprehensive income (loss)						
<i>Fair value change in AFS financial assets</i>				(3,000)		(3,000)
<i>Deferred income tax recovery – fair value change in AFS financial assets</i>				405		405
Share-based payment transactions			204,582			204,582
Balance, March 31, 2013	221,488,679	\$ 172,345,291	\$ 5,292,773	\$ (2,595)	\$ (18,887,076)	\$ 158,748,393

See accompanying notes to the unaudited condensed interim financial statements.

UEX CORPORATION

Statements of Cash Flows
(Unaudited – Prepared by Management)

Three-month periods ended March 31

	2013	2012
Cash provided by (used for):		
Operating activities		
Loss for the period	\$ (436,842)	\$ (505,624)
Adjustments for:		
Depreciation	3,066	2,639
Deferred income tax recovery	(114,726)	(105,007)
Interest income	(62,221)	(13,104)
Share-based compensation	157,494	218,650
Unrealized fair value loss on held-for-trading financial assets	1,307	-
Changes in non-cash operating working capital		
Amounts receivable	14,420	(38,650)
Prepaid expenses	20,422	24,666
Accounts payable and other liabilities	21,740	259,556
	(395,340)	(156,874)
Investing activities		
Interest received	162,354	-
Investment in exploration and evaluation assets	(676,295)	(1,018,242)
Purchase of equipment	(6,267)	(2,296)
	(520,208)	(1,020,538)
Financing activities		
Common shares issued, net of share issuance costs	-	14,420,590
Increase (decrease) in cash and cash equivalents during the period	(915,548)	13,243,178
Cash and cash equivalents, beginning of period	12,580,134	5,266,660
Cash and cash equivalents, end of period	\$ 11,664,586	\$ 18,509,838
Supplementary information		
Non-cash transactions		
Increase (decrease) in accounts payable and other liabilities relating to mineral property expenditures	(212,487)	186,198
Increase in other liabilities due to flow-through premium	-	97,826
Increase in amounts receivable relating to mineral property expenditures	(17,324)	(4,089)
Non-cash share-based compensation included in mineral property expenditures	47,088	88,272
Fair value of shares & warrants received as partial consideration for mineral property option earn-in (reduction in carrying value of mineral properties)	(35,931)	-
Depreciation included in mineral properties	10,184	5,522

See accompanying notes to the unaudited condensed interim financial statements.

UEX CORPORATION

Notes to the Condensed Interim Financial Statements
For the three-month periods ended March 31, 2013 and 2012
(Unaudited – Prepared by Management)

1. Nature and continuance of operations

UEX Corporation (the “Company”) was incorporated under the Canada Business Corporations Act on October 2, 2001. The Company entered into an agreement with Pioneer Metals Corporation (“Pioneer”) and Cameco Corporation (“Cameco”) to establish the Company as a public uranium exploration company. On July 17, 2002, under a plan of arrangement with Pioneer, Pioneer transferred to the Company its uranium exploration properties and all related assets, including the Riou Lake and Black Lake projects. On the same date, Cameco transferred its Hidden Bay uranium exploration property and certain related assets, in exchange for shares of the Company.

The Company is currently engaged in the exploration and development of its mineral properties located in the province of Saskatchewan. The Company’s shares are listed on the Toronto Stock Exchange under the symbol UEX. The head office and principal address is located at 808 Nelson Street, Suite 1007, Vancouver, British Columbia, Canada V6Z 2H2. The Company’s registered office is 595 Burrard Street, Suite 2600, Vancouver, British Columbia, Canada V7X 1L3.

The Company is exploring and developing its mineral properties and has not yet determined whether its mineral properties contain mineral resources that are economically recoverable. The recoverability of amounts shown for mineral properties is dependent upon the discovery of economically recoverable mineral resources, the ability of the Company to obtain the necessary financing to complete explorations and development and upon future profitable production or proceeds from the disposition of its mineral properties.

As at March 31, 2013, the market capitalization of UEX Corporation was below the carrying value of the Company’s net assets which are primarily represented by mineral properties. The Company has reviewed recent arms-length transactions for the acquisition of uranium resources defined by National Instrument 43-101 and has concluded that the carrying value of the Company’s net assets is supported.

The Company has sufficient financial resources for exploration, development and administrative costs for at least twelve months from the end of the reporting period. The Company will require additional financing from time to time, and although it has been successful in the past, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be available on acceptable terms.

2. Basis of preparation and significant accounting policies

(a) Statement of compliance

These unaudited condensed interim financial statements, including comparative figures have been prepared in accordance with International Accounting Standard (“IAS”) 34 *Interim Financial Reporting*, as issued by the International Accounting Standards Board (“IASB”) and do not include all of the information required for full annual financial statements. These condensed unaudited interim financial statements should be read in conjunction with the Company’s 2012 annual financial statements which have been prepared in accordance with International Financial Reporting Standards (“IFRS”). These condensed unaudited interim financial statements were approved by the Board of Directors for issue on May 2, 2013.

(b) Estimates

The preparation of unaudited interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. In preparing these unaudited condensed interim financial statements, the significant judgments made by management in applying the Company’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Company’s financial statements as at and for the year ended December 31, 2012.

UEX CORPORATION

Notes to the Condensed Interim Financial Statements
For the three-month periods ended March 31, 2013 and 2012
(Unaudited – Prepared by Management)

2. Basis of preparation and significant accounting policies (continued)

(c) Significant accounting policies

The accounting policies applied by the Company in these condensed unaudited interim financial statements are the same as those applied by the Company in its financial statements as at and for the year ended December 31, 2012, except for the following amendment with respect to financial assets at fair value through profit or loss (“FVTPL”) and available-for-sale financial assets (“AFS”).

The following should be read in conjunction with *Note 2(h) Financial Assets - Financial assets at FVTPL* from the Company’s audited financial statements for the year ended December 31, 2012. Financial assets at FVTPL include warrants (classified as held-for-trading) which are presented as non-current assets unless management intends to dispose of these assets within 12 months of the end of the reporting period.

The following should also be read in conjunction with *Note 2(h) Financial Assets - Available-for-sale financial assets* from the Company’s audited financial statements for the year ended December 31, 2012. AFS assets are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period. The Company’s AFS assets include marketable securities that are not held for the purpose of trading.

(d) Recent accounting announcements

The following new or amended standards have been adopted in these condensed interim financial statements for the period beginning January 1, 2013.

(i) IFRS 7 – *Financial Instruments: Disclosures*: Amendments – Offsetting Financial Assets and Financial Liabilities

The amendments to IFRS 7 require entities to disclose information about rights of offset and related arrangements for financial instruments under an enforceable master netting agreement or similar agreement. The application of these amendments may result in more disclosures being made with respect to offsetting financial assets and financial liabilities in the future.

(ii) IFRS 13 – *Fair Value Measurement*

The adoption of IFRS 13 by the Company has had no material impact on the financial results of the Company. The adoption of IFRS 13 did, however, result in some additional fair value disclosures including the valuation inputs and techniques used in determining fair value (see Notes 8 and 14). The adoption of IFRS 13 also required an amendment to the Company’s accounting policies as presented in the annual audited financial statements relating to financial assets at fair value through profit or loss and available-for-sale financial assets (see Note 2c).

The International Accounting Standards Board has issued IFRS 9 *Financial Instruments* (“IFRS 9”) to replace IAS 39 *Financial Instruments*. IFRS 9 has an effective date for year ends starting on or after January 1, 2015, with early adoption permitted. The Company intends to adopt IFRS 9 in its financial statements for the annual period beginning on January 1, 2015. The Company does not expect IFRS 9 to have a material impact on the financial statements. The classification and measurement of the Company’s financial assets is not expected to change under IFRS 9 because of the nature of the Company’s operations and the types of financial assets that it holds.

UEX CORPORATION

Notes to the Condensed Interim Financial Statements
For the three-month periods ended March 31, 2013 and 2012
(Unaudited – Prepared by Management)

3. Cash and cash equivalents

	March 31 2013	December 31 2012
Cash	\$ 82,117	\$ 310,019
Short-term deposits	11,582,469	12,270,115
	\$ 11,664,586	\$ 12,580,134

4. Amounts receivable

	March 31 2013	December 31 2012
Interest receivable	\$ 19,752	\$ 119,885
Other receivables	54,444	51,540
	\$ 74,196	\$ 171,425

Interest receivable reflects interest earned on short-term deposits. Other receivables include \$53,464 of Harmonized Sales Tax (HST) receivable as at March 31, 2013 (\$51,540 as at December 31, 2012).

5. Prepaid expenses

	March 31 2013	December 31 2012
Advances to vendors	\$ 27,984	\$ 36,244
Mineral claim deposits	4,596	4,596
Prepaid expenses	48,355	60,517
	\$ 80,935	\$ 101,357

6. Equipment

	Exploration camp	Exploration equipment	Computing equipment	Furniture and fixtures	Total
Cost					
Balance at December 31, 2012	\$ 99,327	\$ 313,384	\$ 258,051	\$ 24,158	\$ 694,920
Additions	-	-	2,207	4,060	6,267
Balance at March 31, 2013	\$ 99,327	\$ 313,384	\$ 260,258	\$ 28,218	\$ 701,187
Accumulated depreciation and impairment					
Balance at December 31, 2012	\$ 14,899	\$ 279,410	\$ 218,532	\$ 10,513	\$ 523,354
Charge for the period	6,332	2,548	3,688	682	13,250
Balance at March 31, 2013	\$ 21,231	\$ 281,958	\$ 222,220	\$ 11,195	\$ 536,604
Net book value					
Balance at December 31, 2012	\$ 84,428	\$ 33,974	\$ 39,519	\$ 13,645	\$ 171,566
Balance at March 31, 2013	\$ 78,096	\$ 31,426	\$ 38,038	\$ 17,023	\$ 164,583

UEX CORPORATION

Notes to the Condensed Interim Financial Statements
For the three-month periods ended March 31, 2013 and 2012
(Unaudited – Prepared by Management)

7. Mineral properties

Exploration and evaluation assets

	Hidden Bay (i)	Riou Lake (ii)	Western Athabasca (iv)	Black Lake (v)	Beatty River (vi)	Total
Balance at December 31, 2011	\$ 72,668,796	\$ 10,385,783	\$ 56,011,738	\$ 15,188,721	\$ 856,088	\$ 155,111,126
Additions	2,694,429	40,154	3,146,304	44,055	9,862	5,934,804
Impairment charge for the year	-	-	(1,609,741)	-	-	(1,609,741)
Balance at December 31, 2012	75,363,225	10,425,937	57,548,301	15,232,776	865,950	159,436,189
Additions	358,135	-	142,180	-	3,441	503,756
Fair value consideration (Note 7v)	-	-	-	(35,931)	-	(35,931)
Balance at March 31, 2013	\$ 75,721,360	\$ 10,425,937	\$ 57,690,481	\$ 15,196,845	\$ 869,391	\$ 159,904,014

The Company's mineral property interests include both 100%-owned projects as well as joint operations in which the Company has less than 100% ownership. The joint operations are governed by contractual arrangements but have not been organized into separate legal entities or vehicles.

The joint arrangements that the Company is party to in some cases entitle the Company to a right of first refusal on the projects should one of the partners choose to sell their interest. The joint arrangements are governed by a management committee which sets the annual exploration budgets for these projects. Should the Company be unable to, or choose not to, fund its required contributions as outlined in the agreement, there is a risk that the Company's ownership interest could be diluted. As a result of decisions to fund exploration programs for the joint arrangements, the Company may choose to complete further equity issuances or fund these amounts through the Company's general working capital.

100%-owned projects

(i) Hidden Bay Project

The Company's 100%-owned Hidden Bay Project, including the Horseshoe, Raven and West Bear deposits, is located in the eastern Athabasca Basin of northern Saskatchewan, Canada. In the first quarter of 2013, total exploration and evaluation expenditures at Hidden Bay included evaluation expenditures of \$328,250 (Q1 2012 - \$105,651) primarily relating to environmental and technical studies. Total evaluation costs of \$6,918,170 as at March 31, 2013 (December 31, 2012 - \$6,589,920) represent costs associated with the continuing evaluation of and advancement of Hidden Bay, and include the West Bear Preliminary Feasibility Study (February 24, 2010), the Hidden Bay Preliminary Assessment Technical Report (February 23, 2011) and various environmental and technical studies.

(ii) Riou Lake Project

The Company holds a 100% interest in the Riou Lake Project located in the northern Athabasca Basin.

(iii) Northern Athabasca Projects

The Company holds a 100% interest in the Northern Athabasca Projects located in the northern Athabasca Basin. The Company wrote off the deferred mineral property costs associated with its Northern Athabasca Projects in 2010 due to a lack of ongoing exploration activity. UEX continues to maintain mineral claims comprising the Jacques Point, Butler Lake, Munroe Lake and Fond du Lac projects.

UEX CORPORATION

Notes to the Condensed Interim Financial Statements
For the three-month periods ended March 31, 2013 and 2012
(Unaudited – Prepared by Management)

7. Mineral properties (continued)

Exploration and evaluation assets (continued)

Joint operations

(iv) Western Athabasca Projects

The Western Athabasca Projects (the “Projects”), located in the western Athabasca Basin, which include the Kianna, Anne, Colette and 58B deposits located at the Shea Creek Project, are nine joint ventures with the Company holding a 49% interest and AREVA Resources Canada Inc. (“AREVA”) holding a 51% interest as at March 31, 2013 and December 31, 2012. The Company is in the process of preparing joint-venture agreements with AREVA. At March 31, 2013, total exploration and evaluation assets to date for Western Athabasca included evaluation expenditures of \$7,370,026 (December 31, 2012 - \$7,370,026).

The Kianna, Anne, Colette and 58B deposits are subject to a royalty of US\$0.212 per pound of U₃O₈ sold to a maximum royalty of US\$10,000,000.

An annual budget for 2013 of \$3.1 million of which UEX is responsible for funding \$1.52 million has been approved, with exploration work expected to begin in the second quarter of 2013.

In the fourth quarter of 2012, UEX supported AREVA’s decision, as project operator of the Western Athabasca Projects, to not propose a budget for 2013 for James Creek and to let the seven James Creek mineral claims (18,963 hectares) lapse in 2013, and UEX concurred. As a result, the Company concluded that the amounts deferred as the James Creek exploration and evaluation assets were impaired. Consequently, a charge of \$1,609,741 was recorded in the Company’s statement of operations and comprehensive loss for the year ended December 31, 2012.

On April 10, 2013 an agreement was signed with AREVA which grants UEX the option to increase its ownership interest in the Western Athabasca Projects, which includes the Shea Creek Project, by 0.9% to 49.9% by spending \$18.0 million on exploration over the six-year period ending December 31, 2018. UEX is under no obligation to propose a budget in any year of the agreement. The ownership interest for the Projects shall be increased at the end of the year by the proportional amount of the additional exploration expenditures incurred in the year which are in addition to the budget amounts proposed by AREVA. UEX may propose an additional exploration budget of up to \$4.0 million in any single year without the prior approval of AREVA, who remains the project operator. Under this agreement, UEX has approved a \$2.0-million budget for exploration in 2013.

(v) Black Lake Project

The Black Lake Project (“Black Lake”), located in the northern Athabasca Basin, is a joint operation with the Company holding an 89.97% interest and AREVA holding a 10.03% interest as at March 31, 2013 (UEX 89.96% and AREVA 10.04% December 31, 2012).

On September 10, 2012, the Company placed a cash deposit with the Saskatchewan Ministry of Energy and Resources to maintain a mineral claim for Black Lake that would have otherwise expired in January 2013. The cash deposit maintains the claim in good standing for a period of one year to January 2014 and is refundable to the Company upon completion of exploration work equal to the amount of the deposit plus the annual work assessment required to maintain the claim.

UEX CORPORATION

Notes to the Condensed Interim Financial Statements
For the three-month periods ended March 31, 2013 and 2012
(Unaudited – Prepared by Management)

7. Mineral properties (continued)

Exploration and evaluation assets (continued)

Joint operations (continued)

(v) Black Lake Project (continued)

In early 2013, UEX signed an agreement with Uracon Resources Ltd. (“Uracon”) whereby Uracon can earn a 60% interest in Black Lake.

Uracon must fund a total of \$10.0 million of project expenditures over 10 years to earn their 60% interest in Black Lake from UEX, with no partial earn-in permitted. Uracon has committed to spend \$2.0 million on project expenditures by December 31, 2014, with a firm commitment to fund \$1.5 million even if a decision is made by Uracon not to proceed with the earn-in or the agreement is otherwise terminated. Should the agreement be terminated prior to \$1.5 million in project costs having been funded by Uracon, any shortfall is payable directly to UEX. During the remainder of the option period, minimum expenditures of \$1.0 million per year are to be funded by Uracon. UEX remains the project operator until such time as Uracon has earned its 60% interest in Black Lake and is entitled to a 10% management fee under the Black Lake joint venture agreement. Uracon issued 300,000 shares and 150,000 share purchase warrants to UEX. The warrants are exercisable for three years at a price of \$0.15 for each warrant. Uracon has also granted to UEX a 1% NSR royalty from their ownership interest and upon UEX receiving a total of \$10.0 million in royalty payments, the NSR royalty will terminate.

The opening value upon receipt was determined to be \$27,000 for the Uracon shares and \$8,931 for the Uracon warrants. The combined amount of \$35,931 has been recorded as a reduction in the carrying value of the Black Lake Project.

(vi) Beatty River Project

The Company acquired a 25% interest in the Beatty River Project, which is located in the western Athabasca Basin, from JCU (Canada) Exploration Company, Limited (“JCU”) by funding \$858,118 in exploration expenditures and by making a payment to JCU of \$3,441.

UEX is party to the following joint arrangements:

Ownership interest Effective March 31, 2013	Western Athabasca	Black Lake	Beatty River
UEX Corporation	49.000 %	89.970 %	25.000 %
AREVA Resources Canada Inc.	51.000	10.030	50.702
JCU (Canada) Exploration Company, Limited	-	-	24.298
	100.000 %	100.000 %	100.000 %

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Notes to the Condensed Interim Financial Statements
For the three-month periods ended March 31, 2013 and 2012
(Unaudited – Prepared by Management)

8. Investments

The Company holds 300,000 share and 150,000 warrant certificates of Uracon which were received in early 2013 as partial consideration for the signing of an agreement which allows Uracon to earn a 60% interest in the Black Lake Project (see Note 7(v)). These shares and warrants are being held for long term investment purposes. The investments include warrants which have been classified as *Financial assets at fair value through profit or loss* (“FVTPL”) and as such are stated at fair value with any changes in fair value recognized in profit or loss. The investments also include shares which have been classified as *Available-for-sale financial assets* and are carried at fair value. Changes in fair value are recognized in other comprehensive income with amounts in accumulated other comprehensive income recognized in profit and loss when they are sold.

	March 31 2013	December 31 2012
Common shares held – Uracon (TSX.V:URC) (see Note 14)	\$ 24,000	\$ -
Warrants held – Uracon (see Note 14)	7,624	-
	\$ 31,624	\$ -

The fair value of the Uracon shares is based on the market price for these actively traded securities.

The fair value of the warrants received from Uracon was determined using the Black-Scholes option-pricing model with the following weighted-average assumptions as at the dates indicated:

	March 31 2013	February 13 2013⁽¹⁾	December 31 2012
Number of warrants received – Uracon	150,000	150,000	-
Expected forfeiture rate	0.00%	0.00%	-
Weighted-average grant date fair values	\$ 0.05	\$ 0.06	-
Expected volatility	128.60%	127.26%	-
Risk-free interest rate	1.08%	1.22%	-
Expected life	2.87 years	3.00 years	-

⁽¹⁾ Date of acquisition

9. Accounts payable and other liabilities

	March 31 2013	December 31 2012
Trade payables	\$ 226,136	\$ 444,652
Other liabilities	94,016	66,247
	\$ 320,152	\$ 510,899

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Notes to the Condensed Interim Financial Statements
For the three-month periods ended March 31, 2013 and 2012
(Unaudited – Prepared by Management)

10. Income taxes

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and liabilities at March 31, 2013 and December 31, 2012 are presented below:

	March 31 2013	December 31 2012
Deferred tax assets		
Losses carried forward	\$ 2,560,347	\$ 2,432,582
Charitable donations	8,438	8,438
Equipment	150,949	147,372
Share issue costs	222,472	246,214
Investment	581	-
	2,942,787	2,834,606
Deferred tax liabilities		
Mineral properties	15,794,180	15,801,130
Net deferred tax liabilities	\$ 12,851,393	\$ 12,966,524

At March 31, 2013, the Company has non-capital losses available for income tax purposes totaling approximately \$9,482,766 (December 31, 2012 - \$9,009,561) which may be carried forward to reduce future years' taxable income. These losses, if not utilized, will expire by 2033.

A reconciliation of income taxes at statutory rates with the reported taxes for the three-month periods ended March 31, 2013 and 2012 is as follows:

	Three-month period ended March 31	
	2013	2012
Loss before income taxes	\$ (551,568)	\$ (610,631)
Statutory rates	27.0%	27.0%
Income tax recovery at statutory rates	148,923	164,870
Non-deductible expenses and permanent differences	(34,197)	(59,863)
Future corporate tax rate differences	-	-
Deferred income tax recovery	\$ 114,726	\$ 105,007
Deferred income tax recovery – other comprehensive income	\$ 405	\$ -

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Notes to the Condensed Interim Financial Statements
For the three-month periods ended March 31, 2013 and 2012
(Unaudited – Prepared by Management)

11. Share capital

(a) Authorized

The authorized share capital of the Company consists of an unlimited number of common shares and an unlimited number of preferred shares (no par value) issuable in series, of which 1,000,000 preferred shares have been designated Series 1 Preferred Shares.

(b) Issued and outstanding – common shares

	Number of shares	Share capital
Balance, December 31, 2012	221,488,679	\$ 172,345,291
Issued in 2013	-	-
Balance, March 31, 2013	221,488,679	\$ 172,345,291

(c) Share-based compensation

Under the Company's share-based compensation plan, the Company may grant share purchase options to its key employees, directors, officers and others providing services to the Company. The maximum number of shares issuable under the plan is a rolling number equal to 10% of the issued and outstanding common shares of the Company from time to time. Under the plan, the exercise price of each share purchase option shall be fixed by the Board of Directors but shall not be less than the quoted closing market price of the shares on the Toronto Stock Exchange on the date prior to the share purchase option being granted and a share purchase option's maximum term is 10 years. The shares subject to each share purchase option shall vest at such time or times as may be determined by the Board of Directors.

A summary of the status of the Company's share-based compensation plan as at March 31, 2013 and December 31, 2012 and changes during the periods ended on these dates is presented below:

	Number of share purchase options	Weighted-average exercise price
Outstanding, December 31, 2011	19,060,700	\$ 1.24
Granted	2,460,000	0.60
Expired	(5,334,700)	1.45
Outstanding, December 31, 2012	16,186,000	1.08
Granted, Exercised, Cancelled, Expired	-	-
Outstanding, March 31, 2013	16,186,000	\$ 1.08

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11. Share capital (continued)

(c) Share-based compensation (continued)

As at March 31, 2013, the Company had a total of 16,186,000 share purchase options outstanding related to director, employee and consultant share purchase options, the details of which are as follows:

Range of exercise prices	Outstanding			Exercisable	
	Number of share purchase options	Weighted-average exercise price	Weighted-average remaining contractual life (years)	Number of share purchase options	Weighted-average exercise price
\$ 0.60 – 0.97	5,210,000	\$ 0.74	6.08	3,509,998	\$ 0.80
0.98 – 1.27	5,941,000	1.09	6.57	4,778,998	1.10
1.28 – 1.45	5,035,000	1.41	6.25	5,035,000	1.41
	16,186,000	\$ 1.08	6.31	13,323,996	\$ 1.14

The estimated fair value expense of all share purchase options vested during the quarter ended March 31, 2013 is \$204,582 (2012 - \$306,922). The amount included in mineral properties for the quarter ended March 31, 2013 is \$47,088 (2012 - \$88,272). The unamortized balance of share-based compensation expense for share purchase options that were not vested at March 31, 2013 is \$360,704 (2012 - \$741,867).

The weighted-average fair value of the share purchase options granted during the period was nil as none were granted (2012 - nil as none granted).

(d) Flow-through shares

The Company finances a portion of its exploration programs through the use of flow-through share issuances. Income tax deductions relating to these expenditures are claimable by the investors and not by the Company. As at December 31, 2012, the Company had spent all of the \$3.0 million flow-through monies raised in the March 2012 placement. The Company renounced the income tax benefit of this issue to its subscribers in January 2013.

12. Commitments

The Company has an obligation under an operating lease for its office premises. The future minimum lease payments are as follows:

	March 31 2013
2013	44,363
2014	60,566
2015	56,743
2016	-
2017	-

Other commitments in respect of the Company's mineral properties are disclosed in Note 7 and Note 11(d).

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13. Management of capital

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern in order to pursue the exploration and development programs on its mineral properties. The Company manages its capital structure, consisting of shareholders' equity, and makes adjustments to it, based on funds available to the Company, in order to support the exploration and development of its mineral properties. Historically, the Company has relied exclusively on the issuance of common shares for its capital requirements.

All of the Company's cash and cash equivalents are available for exploration and development programs and administrative operations. The Company has not changed its approach to capital management during the current period, and is not subject to any external capital restrictions.

14. Management of financial risk

The Company operates entirely in Canada and is therefore not subject to any significant foreign currency risk. The Company's financial instruments are exposed to limited liquidity risk, credit risk and market risk.

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk through the management of its capital structure as outlined in Note 13. Accounts payable and other liabilities are due within the current operating period.

Credit risk is the risk of an unexpected loss if a third party to a financial instrument fails to meet its contractual obligations. The Company's exposure to credit risk includes cash and cash equivalents and amounts receivable. The Company reduces its credit risk by maintaining its bank accounts at large national financial institutions. The maximum exposure to credit risk is equal to the carrying value of cash and cash equivalents and amounts receivable. The Company's investment policy is to invest its cash in highly liquid short-term interest-bearing investments that are redeemable 90 days or less from the original date of acquisition.

Market risk is the risk that changes in market prices such as foreign exchange rates and interest rates will affect the Company's income. The Company is subject to interest rate risk on its cash and cash equivalents. The Company reduces this risk by investing its cash in highly liquid short-term interest-bearing investments that earn interest on a fixed rate basis.

All financial instruments measured at fair value are categorized into one of three hierarchy levels, described below, for disclosure purposes. Each level is based on the transparency of the inputs used to measure the fair values of assets and liabilities:

- Level 1 - Values based on unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets or liabilities;
- Level 2 - Values based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the asset or liability; and
- Level 3 - Values based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement.

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14. Management of financial risk (continued)

The carrying values of amounts receivable, and accounts payable and other liabilities are a reasonable estimate of their fair values because of the short period to maturity of these instruments.

Cash and cash equivalents are classified as loans and receivables and are initially recorded at fair value and subsequently at cost with accrued interest recorded in accounts receivable. At March 31, 2013, the Company's cash and cash equivalents of \$11,664,586 (December 31, 2012 - \$12,580,134) are classified as Level 1 within the fair value hierarchy.

The following table summarizes those assets and liabilities carried at fair value:

Investments	Level 1	Level 2	Level 3	Total
Shares – Uracon (TSX–V: URC)	\$ 24,000	\$ -	\$ -	\$ 24,000
Warrants – Uracon ⁽¹⁾	-	-	7,624	7,624
	\$ 24,000	\$ -	\$ 7,624	\$ 31,624

⁽¹⁾ Black-Scholes inputs for the Uracon warrant valuation are disclosed in Note 8 – Investments.

The following table shows a reconciliation from the beginning balances to ending balances for Level 1 fair value measurements for investments:

	Number of Shares	Fair Value
Balance, December 31, 2012	-	\$ -
Shares received as partial consideration for the Black Lake Project earn in (see Note 7(v))	300,000	27,000
Gains and losses for the period		
Changes in fair value – unrealized loss on financial assets at FVTPL (shares)		(3,000)
Balance, March 31, 2013	300,000	\$ 24,000

The Company's policy is to recognize transfers out of Level 3 as of the date of the event or change in circumstances that caused the transfer. There have been no transfers out of Level 3 in the period.

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14. Management of financial risk (continued)

The following table shows a reconciliation from the beginning balances to ending balances for Level 3 fair value measurements:

	Number of Warrants	Fair Value
Balance, December 31, 2012	-	\$ -
Warrants received as partial consideration for the Black Lake Project earn in (see Note 7(v))	150,000	8,931
Gains and losses for the period		
Changes in fair value – unrealized loss on held-for-trading financial assets (warrants)		(1,307)
Balance, March 31, 2013	150,000	\$ 7,624

The following table shows the valuation techniques used in the determination of fair values within Level 3 of the hierarchy, as well as the key unobservable inputs used in the valuation model:

Level 3 item	Valuation approach	Key unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Warrants – Uracon	The fair value has been determined by using the Black-Scholes option pricing model.	Expected volatility for Uracon shares, derived from the shares' historical prices (weekly).	The estimated fair value for the warrants increases as the volatility increases.

15. Segmented information

The Company conducts its business as a single operating segment, being the mining and mineral exploration business in Canada. All mineral properties and equipment are located in Canada.

16. Office expenses

	Three months ended March 31	
	2013	2012
Insurance	\$ 12,286	\$ 11,971
Office supplies and consulting	47,879	37,049
Telephone	3,170	2,881
	\$ 63,335	\$ 51,901

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17. Related party transactions

The value of all transactions relating to key management personnel, close members of the family of persons that are key management personnel and entities over which they have control or significant influence are as follows:

(a) Related party transactions

Related party transactions include the following payments which were made to related parties other than key management personnel:

	Three months ended March 31	
	2013	2012
Other consultants ⁽¹⁾	\$ -	\$ 24,843
Other consultants share-based payments ⁽³⁾	2,060	3,560
Panterra Geoservices Inc. ⁽²⁾	13,500	5,000
Panterra Geoservices Inc. share-based payments ⁽³⁾	6,962	13,046
	\$ 22,522	\$ 46,449

⁽¹⁾ Other consultants include close members of the family of R. Sierd Eriks, UEX's Vice-President of Exploration, who provide geological consulting services with specific services invoiced as provided.

⁽²⁾ Panterra Geoservices Inc. is a company owned by David Rhys, a member of the management advisory board that provides geological consulting services to the Company. The management advisory board members are not paid a retainer or fee; specific services are invoiced as provided.

⁽³⁾ Share-based compensation expense is the fair value of options granted which have been calculated using the Black-Scholes option-pricing model and the assumptions disclosed in Note 10(c) of the December 31, 2012 annual financial statements.

(b) Key management personnel compensation

Key management personnel compensation includes management and director compensation as follows:

	Three months ended March 31	
	2013	2012
Salaries and short-term employee benefits ⁽⁴⁾	\$ 222,147	\$ 175,947
Share-based payments ⁽³⁾	177,574	263,507
	\$ 399,721	\$ 439,454

⁽³⁾ Share-based compensation expense is the fair value of options granted which have been calculated using the Black-Scholes option-pricing model and the assumptions disclosed in Note 10(c) of the December 31, 2012 annual financial statements.

⁽⁴⁾ In the event of a change of control of the Company, certain senior management may elect to terminate their employment agreements and the Company shall pay termination benefits of two times their respective annual salaries at that time and all of their share purchase options will become immediately vested with all other employee benefits, if any, continuing for a period of two years.



Corporate Information

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Director

R. Sierd Eriks

Vice-President, Exploration

Nan Lee

Vice-President, Project Development

Ed Boney

Chief Financial Officer and Corporate Secretary